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RUEHBY/AMEMBASSY CANBERRA 1379
RUEHBJ/AMEMBASSY BEIJING 1950
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RUEHUL/AMEMBASSY SEOUL 8463
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RUEHCN/AMCONSUL CHENGDU 1527
RUEHCHI/AMCONSUL CHIANG MAI 1722
RUEHCI/AMCONSUL KOLKATA 0378
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C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000592

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SUBJECT: BURMA: U/SGY HOLMES DISCUSSES CYCLONE RELIEF, WAYS
FORWARD

REF: RANGOON 417

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Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4
(b and d)

11. (C) Summary. During his July 22-24 trip to Burma, UN Undersecretary for Humanitarian Affairs John Holmes met with UN officials, NGOs, and the Diplomatic Corps, highlighting the GOB's improved cooperation with the UN and NGOs on relief efforts over the past two months. Cyclone Nargis opened the door to dialogue with the regime; the international community must continue this process and perhaps start a dialogue on other issues, he added. U/SGY Holmes requested that donors consider funding the UN's July 10 Revised Flash Appeal. Diplomats noted that continued access for monitoring and evaluation of programs was vital before donors could commit additional funds. During meetings with the Prime Minister and Cabinet members, Holmes reiterated the importance of access and visas, noted how the continuing devaluation of the FEC against the kyat put increased financial pressure on the relief effort, and requested approval for the continuation of WFP helicopter operations. The Prime Minister agreed to consider the UN's request to open an OCHA office in Rangoon. End Summary.

Encouraging Enhanced Dialogue

12. (C) During a July 23 meeting with diplomats, U/SGY for Humanitarian Affairs John Holmes emphasized the "significant progress" made by the Burmese Government in the past two months with regard to relief efforts and enhanced coordination with the international community. He noted that

the Government's approval of the recently released an "open and honest" Post-Nargis Joint Assessment (PONJA) report (to be reported septel) and its active participation in the Tripartite Core Group (TCG) were examples of improved cooperation between the GOB, UN, and NGOs. While the process was not perfect, Holmes emphasized the need to maintain the intensity and sustainability of relief operations. He urged diplomats to consider funding the July 10 UN Revised Flash Appeal for an additional \$303 million for recovery projects.

13. (C) U/SGY Holmes believed Cyclone Nargis created an opportunity for dialogue with the Burmese Government, and he agreed with donors that this should include opening a dialogue on policy issues. Charge noted that this was the first time the international community has been able to push back against GOB decisions. She concurred that further dialogue was necessary, to include political issues. The British Ambassador agreed on the need to extend the benefits of Nargis-related dialogue into the policy arena, perhaps using the PONJA data to highlight areas for reform, such as the health and education sectors.

Access Remains an Issue

14. (C) Charge noted that while two conditions laid out in the May Donor's meeting (Reftel) - access to the delta and a comprehensive assessment of needs - had been met, obtaining travel permissions for the delta still remained a cumbersome process. She urged Holmes to impress upon the GOB that continued access monitoring and evaluation of programs would persuade donors to provide additional relief and recovery funds. The British Ambassador, echoing the Charge's views,

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underscored the importance of monitoring to alleviate fears about the diversion of assistance. Holmes acknowledged the importance of access, but noted that the process, while not perfect, had dramatically improved since May. Several donors mentioned the growing gap between the FEC and US dollar exchanger rate (which should be 1:1), which appeared to be benefiting the regime. Holmes acknowledged the problem and expressed concern that it could get worse.

Government Meetings As Expected

15. (C) U/SGY Holmes, UN Resident Coordinator Bishow Parajuli, and UN Emergency Coordinator Dan Baker met with Prime Minister Lt. General Thein Sein, Minister of Planning Soe Tha, Minister of Social Welfare Major General Maung Maung Swe, and Minister of Health Dr. Kyaw Myint in Nay Pyi Taw on July 24. During the hour-long meeting, the Prime Minister indicted support the UN's continuing relief efforts, although he could not comment on the UN's request to maintain helicopter operations. He informed U/SGY Holmes that the GOB would continue to provide assistance to the cyclone victims, and asked for roofing materials and nails, diesel fuel, and fertilizer. U/SGY Holmes praised the GOB's coordination with the UN agencies and NGOs and urged the GOB to continue to improve access to the delta. Holmes also requested that the GOB ease restrictions on the importation of vehicles and communications equipment for relief purposes. Baker told us that Deputy Minister of Foreign Affairs U Kyaw Thu would raise these issues again with the Prime Minister again next week.

16. (C) Although technically one FEC is worth one US dollar, in recent weeks one FEC is only worth 910 kyat while one US dollar fetches 1185 kyat. This has significant cost implications for the UN, INGOs, and donors, who can only withdraw FEC from their dollar accounts in Burma. Holmes informed the Prime Minister that due to the continuing depreciation of the FEC with the kyat as compared to the US dollar/kyat exchange rate, the value of overall donations has decreased by more than 20 percent in real terms. Thein Sein

acknowledged the increased financial pressure on the relief effort, but referred the UN to the Ministry of Planning for further discussions. Baker told us that the UN will draft a letter from U/SGY Holmes to Minister Soe Tha, requesting that the GOB allow the UN and relief organizations to withdraw assistance funds in US dollars rather than FEC.

17. (C) Holmes also reiterated the UN's request to open an OCHA office in Rangoon, to better coordinate continued humanitarian assistance. Thein Sein said he would "consider it," which Baker opined was a step in the right direction.

Comment

18. (C) While Cyclone Nargis has opened a small window of opportunity for dialogue with the Burmese Government on relief assistance, it remains to be seen whether the regime will be willing to discuss seriously policy concerns. Continued assistance for delta recovery opens up possibilities to discuss policy changes in the areas of agriculture, health, and education that could help improve the lives of cyclone victims in the longer term. We see plenty of eager cooperation by lower level officials with the international community on the relief and recovery effort.

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However, policy changes will require senior blessing. Some among the leadership appear more open to greater policy dialogue, but they face powerful resistance from others who are primarily concerned about protecting their personal financial interests.
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